

Chapter 595

(House Bill 1321)

AN ACT concerning

**Child Care Scholarship Program – ~~Enrollment Application Process~~ and Copays
– Alterations**

FOR the purpose of ~~prohibiting an enrollment freeze in the Child Care Scholarship Program from applying to certain individuals; requiring the State Department of Education to establish a waitlist for the Program under certain conditions; requiring the Department to give priority for enrollment in the Program to certain individuals on the waitlist; requiring the Department to identify, inform, and assist~~ requiring the State Department of Education to identify, inform, and assist Child Care Scholarship Program applicants who qualify for enrollment in publicly funded prekindergarten, Head Start, and Early Head Start subject to certain conditions; repealing a process for presumptive eligibility in the Program; limiting copays for certain individuals under the Program subject to certain conditions; requiring copays for certain individuals under the Program subject to certain conditions; and generally relating to the Child Care Scholarship Program.

BY repealing and reenacting, with amendments,
 Article – Education
 Section 9.5–111 and 9.5–113
 Annotated Code of Maryland
 (2022 Replacement Volume and 2025 Supplement)

~~BY repealing and reenacting, with amendments,
 Article – Education
 Section 9.5–111(d)(4)
 Annotated Code of Maryland
 (2022 Replacement Volume and 2025 Supplement)
 (As enacted by Section 1 of this Act)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article – Education

9.5–111.

(a) (1) In this section the following words have the meanings indicated.

(2) “Analysis” means the market rate survey or an alternative method allowable under federal law.

(3) “Program” means the Child Care Scholarship Program.

(b) (1) Beginning in 2017, and every 2 years thereafter, the Department shall conduct an analysis in order to formulate appropriate reimbursement rates for the Program.

(2) The Department, before conducting the analysis, shall consult with:

- (i) The Office of Child Care Advisory Council;
- (ii) Child care resource and referral agencies;
- (iii) Child care worker organizations; and
- (iv) Any other appropriate entities.

(c) On or before September 1, 2017, and by September 1 every 2 years thereafter, the Department shall report to the Joint Committee on Children, Youth, and Families, the Senate Budget and Taxation Committee, and the House Appropriations Committee, in accordance with § 2–1257 of the State Government Article, on:

(1) The methodology of the analysis required under subsection (b) of this section;

(2) Cost estimates for raising the Program’s reimbursement rates to the 45th, 55th, 65th, and 75th percentile of child care providers in each of the State’s market regions;

(3) The minimum base payment rate that is required for child care providers to meet health, safety, quality, and staffing requirements in accordance with federal law and the factors used to determine that rate;

(4) The rate adjustment that the Department will implement based on the analysis;

(5) Any adjustments to Program eligibility or family copay amount that will be implemented; and

(6) Any potential impacts on families and providers due to any adjustments made to the Program.

(d) (1) The Governor shall include in the annual State budget an appropriation from all fund sources for the Program that is not less than the total appropriation for the Program in fiscal year 2018 or fiscal year 2019, whichever is greater.

(2) Except as provided in paragraph (3) of this subsection, the Department may not make the following alterations to the Program in effect as of January 1, 2023:

- (i) Reduce the reimbursement rates;
- (ii) Reduce the income eligibility requirements; or
- (iii) **[Implement] SUBJECT TO SUBSECTION (E) OF THIS SECTION, IMPLEMENT** a freeze in Program enrollment.

(3) (i) The Department may alter the Program in effect as of January 1, 2023, by reducing the reimbursement rates, reducing the income eligibility requirements, or implementing a freeze in Program enrollment, if:

1. The Department submits a notification to the Senate Budget and Taxation Committee, the Senate Committee on Education, Energy, and the Environment, the House Appropriations Committee, and the House Ways and Means Committee, in accordance with § 2–1257 of the State Government Article, on the intended Program alterations, including the reason for, and expected duration of, the proposed actions; and

2. The Program alterations identified in the notification are not implemented until the completion of the regular legislative session immediately following the submission of the notification.

(ii) If the Board of Public Works approves budget reductions for the Program under § 7–213 of the State Finance and Procurement Article for a certain fiscal year, the Department may reduce the reimbursement rates, reduce the income eligibility requirements, or implement a freeze in Program enrollment at any time during the fiscal year.

(4) **[The] EXCEPT AS PROVIDED IN § 9.5–113(D) OF THIS SUBTITLE,** THE Department may not increase the copayment levels of the Program in effect as of January 1, 2024.

(E) (1) ~~(i) A FREEZE IN PROGRAM ENROLLMENT MAY NOT APPLY TO:~~

~~1. A FAMILY OR AN INDIVIDUAL WHO IS ENROLLED IN THE TEMPORARY CASH ASSISTANCE PROGRAM UNDER § 5-312 OF THE HUMAN SERVICES ARTICLE;~~

~~2. A FAMILY OR AN INDIVIDUAL WHO IS ENROLLED IN THE FEDERAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM;~~

~~3. A CHILD WHO IS ENROLLED IN THE FEDERAL SOCIAL SECURITY INCOME PROGRAM; AND~~

~~4. A CHILD WHO IS HOMELESS.~~

~~(H) AN INDIVIDUAL DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL OTHERWISE MEET THE CRITERIA FOR ENROLLMENT IN THE PROGRAM.~~

~~(2) (I) IF THE DEPARTMENT ESTABLISHES A FREEZE IN PROGRAM ENROLLMENT, THE DEPARTMENT SHALL ESTABLISH A WAITLIST FOR ELIGIBLE INDIVIDUALS WHO APPLY TO THE PROGRAM AFTER THE FREEZE IS IN EFFECT.~~

~~(H) THE WAITLIST SHALL REMAIN IN EFFECT AS LONG AS THERE ARE FEWER AVAILABLE AWARDS UNDER THE PROGRAM THAN ELIGIBLE APPLICANTS FOR THE PROGRAM.~~

~~(HH) THE WAITLIST SHALL GIVE PRIORITY FOR ENROLLMENT IN THE PROGRAM TO QUALIFIED APPLICANTS WHO:~~

~~1. HAVE THE GREATEST FINANCIAL NEED, BASED ON HOUSEHOLD INCOME; AND~~

~~2. APPLY TO ENROLL A CHILD UNDER THE AGE OF 3 YEARS.~~

~~(3) (I) IF THE DEPARTMENT ESTABLISHES A FREEZE IN PROGRAM ENROLLMENT, THE DEPARTMENT SHALL IDENTIFY APPLICANTS TO THE PROGRAM WHOSE CHILDREN QUALIFY FOR THE:~~

~~(I) THE PUBLICLY FUNDED PREKINDERGARTEN PROGRAM UNDER TITLE 7, SUBTITLE 1A OF THIS ARTICLE; OR~~

~~(II) A HEAD START OR EARLY HEAD START PROGRAM.~~

~~(H) (2) THE DEPARTMENT SHALL INFORM AN APPLICANT IDENTIFIED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH (1) OF THIS SUBSECTION ABOUT THE PUBLICLY FUNDED PREKINDERGARTEN PROGRAM, HEAD START PROGRAM, OR EARLY HEAD START PROGRAM, INCLUDING BY PROVIDING INFORMATION ON:~~

~~1.~~ **(I) AVAILABLE PREKINDERGARTEN SLOTS, HEAD START, OR EARLY HEAD START PROGRAMS IN THE COUNTY IN WHICH THE APPLICANT RESIDES;**

~~2.~~ **(II) CONTACT INFORMATION FOR PRIVATE AND PUBLIC PREKINDERGARTEN HOW TO CONTACT PROVIDERS WHO MAY HAVE AVAILABLE PREKINDERGARTEN PROGRAM SLOTS; AND**

~~3.~~ **(III) HOW TO APPLY FOR PUBLICLY FUNDED PREKINDERGARTEN THE PROGRAMS.**

~~(H)~~ **(3) ON REQUEST, THE DEPARTMENT SHALL ASSIST PROVIDE ELIGIBLE FAMILIES IDENTIFIED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH (1) OF THIS SUBSECTION WITH INFORMATION ON THE PUBLICLY FUNDED PREKINDERGARTEN ENROLLMENT PROCESS PROCESSES.**

~~(IV)~~ **(4) THE PROCESS FOR IDENTIFYING AND ASSISTING ELIGIBLE PROGRAM APPLICANTS WHOSE CHILDREN QUALIFY FOR THE PUBLICLY FUNDED PREKINDERGARTEN A PROGRAM SHALL CONTINUE AS LONG AS THE WAITLIST IS IN EFFECT.**

[(e)] (F) The Governor shall, from all fund sources, appropriate funds in the annual State budget in an amount sufficient to raise the Program’s reimbursement rates for each region to:

(1) For fiscal year 2020, not less than the 30th percentile of the most recent market rate survey or its equivalent if an alternative methodology defined by the Department is used; and

(2) For fiscal year 2021 and each fiscal year thereafter, not less than the 60th percentile of the most recent market rate survey or its equivalent if an alternative methodology defined by the Department is used.

~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:~~

~~Article Education~~

9.5-113.

- (a) In this section, “Program” means the Child Care Scholarship Program.
- (b) The Department shall administer the Program in accordance with federal law.
- (c) ~~(1)~~ The Department shall:

~~(i) Establish a process that meets the requirements of this subsection for granting presumptive eligibility for a subsidy under the Program~~

(1) PROVIDE TO PROGRAM APPLICANTS INFORMATION ON INCOME-BASED GOVERNMENT ASSISTANCE PROGRAMS AND TAX CREDITS FOR WHICH THE APPLICANTS MAY BE ELIGIBLE; and

~~(ii) (2)~~ Incorporate the framework of the Youth Transitioning From Foster Placement to Successful Adulthood Program as established under § 9.5–113.2 of this subtitle.

~~(2) An individual shall attest that the individual meets the eligibility requirements for a subsidy under the Program by completing and electronically submitting a form provided by the Department, including a statement of the individual's estimated annual household income.~~

~~(3) The Department shall provide a subsidy under the Program to an individual who submits a form under paragraph (2) of this subsection for a period:~~

~~(i) Beginning on the day on which the individual submits the form;~~
and

~~(ii) Ending:~~

~~1. If the individual does not fill out an application within 15 days in accordance with paragraph (4) of this subsection, 60 days after the date on which the individual submits the form under paragraph (2) of this subsection; or~~

~~2. If the Department determines that the individual does not qualify for a subsidy under the Program after reviewing the individual's application submitted in accordance with paragraph (4) of this subsection, the later of:~~

~~A. 60 days after the date on which the individual submits the form under paragraph (2) of this subsection; or~~

~~B. The date on which the Department makes the determination.~~

~~(4) To continue to receive a subsidy under the Program, an individual who submits a form under paragraph (2) of this subsection shall submit an application for a subsidy under the Program within 15 days after the date on which the individual submits the form under paragraph (2) of this subsection.~~

~~(5) The Department or the Comptroller may not seek reimbursement or repayment of a subsidy provided to an individual under paragraph (3) of this subsection if~~

~~the Department determines the individual does not qualify for a subsidy under the Program under paragraph (3)(ii)2 of this subsection, except for suspected fraud.~~

~~(6) (i) In this paragraph, "Fund" means the Child Care Scholarship Program Presumptive Eligibility Fund.~~

~~(ii) There is a Child Care Scholarship Program Presumptive Eligibility Fund.~~

~~(iii) The Department shall administer the Fund.~~

~~(iv) 1. The Fund is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.~~

~~2. The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.~~

~~(v) The Fund consists of:~~

~~1. Money appropriated in the State budget to the Fund;~~

~~2. Reimbursements made in accordance with subparagraph (viii) of this paragraph; and~~

~~3. Any other money from any other source accepted for the benefit of the Fund.~~

~~(vi) The Fund may be used only to award a subsidy under the Program in an amount sufficient to provide child care for an individual who is granted presumptive eligibility until:~~

~~1. The individual either fails to complete the full application within 15 days or is found ineligible for a subsidy under the Program and the time period described under paragraph (3) of this subsection lapses; or~~

~~2. The individual is found eligible to participate in the Program.~~

~~(vii) For fiscal year 2024 and each fiscal year thereafter, the Governor shall include in the annual budget bill an appropriation to the Fund at least equal to the amount recommended by the Department in the study conducted in accordance with Section 3 of Chapters 525 and 526 of the Acts of the General Assembly of 2022 that is necessary to provide payment of the subsidy amount for which an individual who is presumptively eligible qualifies.~~

~~(viii) If an individual is found eligible to participate in the Program, federal and matching State funds available under the federal Child Care Development Fund shall be used to reimburse the Fund for any expenditures made in accordance with subparagraph (vi) of this paragraph.~~

~~(ix) 1. The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.~~

~~2. Any interest earnings of the Fund shall be credited to the General Fund of the State.~~

(d) (1) The Department shall award a scholarship under the Program in an amount sufficient to ensure that an individual will not be required to pay a copay for child care if the individual provides proof, as determined by the Department, of:

[(1)] (i) 1. Participation in one of the following programs:

[1.] A. Federal Special Supplemental Food Program for Women, Infants, and Children;

[2.] B. Federal Supplemental Nutrition Assistance Program;

[3.] C. Federal Housing Act Housing Choice Voucher Program;

[4.] D. Supplemental Security Income benefits; or

[5.] E. Temporary cash assistance; and

[(ii)] 2. Employment or enrollment in an education or career training program; or

[(2)] (II) Participation in the Youth Transitioning From Foster Placement to Successful Adulthood Program established under § 9.5–113.2 of this subtitle.

(2) THE DEPARTMENT SHALL AWARD A SCHOLARSHIP UNDER THE PROGRAM IN AN AMOUNT SUFFICIENT TO ENSURE THAT AN INDIVIDUAL WHO HAS AN ANNUAL HOUSEHOLD INCOME ~~OF NOT MORE THAN 50% OF THE REGIONAL MEDIAN INCOME WHERE THE INDIVIDUAL RESIDES~~ AT OR BELOW THE FEDERAL POVERTY LINE IS NOT REQUIRED TO PAY A COPAY FOR CHILD CARE.

~~**(3) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE DEPARTMENT MAY AWARD A SCHOLARSHIP UNDER THE PROGRAM IN AN AMOUNT THAT RESULTS IN AN INDIVIDUAL PAYING A COPAY IF THE INDIVIDUAL'S ANNUAL**~~

~~INCOME IS MORE THAN 50% OF THE REGIONAL MEDIAN INCOME WHERE THE INDIVIDUAL RESIDES.~~

~~(H) THE DEPARTMENT MAY NOT AWARD A SCHOLARSHIP UNDER THE PROGRAM IN AN AMOUNT THAT RESULTS IN AN INDIVIDUAL PAYING:~~

~~1. IF THE INDIVIDUAL HAS AN ANNUAL INCOME OF NOT MORE THAN 65% OF THE REGIONAL MEDIAN INCOME WHERE THE INDIVIDUAL RESIDES, 3% OR MORE OF THE INDIVIDUAL'S ANNUAL INCOME AS A COPAY; OR~~

~~2. IF THE INDIVIDUAL HAS AN ANNUAL INCOME OF MORE THAN 65% OF THE REGIONAL MEDIAN INCOME WHERE THE INDIVIDUAL RESIDES, 7% OR MORE OF THE INDIVIDUAL'S ANNUAL INCOME AS A COPAY.~~

(3) THE DEPARTMENT MAY AWARD PARTIAL SCHOLARSHIPS UNDER THE PROGRAM THROUGH A SLIDING FEE SCALE FOR COPAYMENTS THAT:

(I) APPLIES TO AN INDIVIDUAL WHO:

1. HAS AN ANNUAL HOUSEHOLD INCOME ABOVE THE FEDERAL POVERTY LINE; AND

2. IS NOT DESCRIBED UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION;

(II) IS BASED ON AN INDIVIDUAL'S ANNUAL HOUSEHOLD INCOME ABOVE THE FEDERAL POVERTY LINE;

(III) REQUIRES AN INDIVIDUAL TO PROVIDE AN INCREASED PERCENTAGE OF THE INDIVIDUAL'S ANNUAL HOUSEHOLD INCOME AS A COPAY AS THE INDIVIDUAL'S INCOME INCREASES;

(IV) INCREASES COPAY PERCENTAGES GRADUALLY BETWEEN HOUSEHOLD INCOME CATEGORIES, CULMINATING IN A MAXIMUM COPAY NOT EXCEEDING 7% OF AN INDIVIDUAL'S ANNUAL HOUSEHOLD INCOME FOR AN INDIVIDUAL WITH THE HIGHEST INCOME CATEGORY UNDER THE PROGRAM;

(V) INCLUDES A SUFFICIENT NUMBER OF HOUSEHOLD INCOME CATEGORIES TO MINIMIZE SIGNIFICANT INCREASES IN COPAY AMOUNTS FOR AN INDIVIDUAL WHO MOVES FROM ONE HOUSEHOLD INCOME CATEGORY TO ANOTHER; AND

(VI) REQUIRES A COPAY FOR EACH CHILD IN A FAMILY RECEIVING A PARTIAL SCHOLARSHIP, BUT REQUIRES A LOWER COPAY AMOUNT FOR EACH SUBSEQUENT CHILD.

(4) (I) SUBJECT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE DEPARTMENT MAY SET A MINIMUM COPAY AMOUNT FOR A PARTIAL SCHOLARSHIP AWARD UNDER THE PROGRAM.

(II) A MINIMUM COPAY AMOUNT MAY NOT BE MORE THAN \$10 EACH MONTH.

(e) An individual is eligible to continue to receive a scholarship under the Program:

(1) For at least 90 days in a year if the individual is unemployed and seeking employment; and

(2) If the individual meets any other eligibility criteria determined by the Department.

(f) The Department may not require an individual to pursue or receive child support payments or apply for services from a child support agency to be eligible for a scholarship under the Program.

(g) (1) The Department shall notify the Comptroller within 10 days after the date on which the Department receives an invoice from a child care provider.

(2) The Comptroller shall pay a child care provider within 5 days after the date on which the Comptroller receives a notice under paragraph (1) of this subsection.

(h) The Department shall adopt regulations to implement the provisions of this section.

~~SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:~~

~~**Article — Education**~~

~~9.5-111.~~

~~(d) (4) [Except as provided in § 9.5-113(d) of this subtitle, the] THE Department may not increase the copayment levels of the Program in effect as of January 1, 2024.~~

~~SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect July 1, 2028.~~

SECTION 2. AND BE IT FURTHER ENACTED, That, in order to fulfill the requirement to share information about publicly funded prekindergarten slots with applicants to the Child Care Scholarship Program under § 9.5–111(e) of the Education Article, as enacted by Section 1 of this Act, the State Department of Education:

(1) may, before the date on which the Department implements the Early Childhood Pre–K Enrollment System for publicly funded prekindergarten, provide information on available publicly funded prekindergarten slots in the county in which the applicant resides as of the most recent enrollment count; and

(2) shall, beginning on the date the Department implements the Early Childhood Pre–K Enrollment System for publicly funded prekindergarten, provide up-to-date information on available publicly funded prekindergarten slots in the county in which the applicant resides.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) If the State Department of Education implements a system of copayments for the Child Care Scholarship Program in accordance with § 9.5–113(d) of the Education Article, as enacted by Section 1 of this Act, the Department shall provide ample notice of incoming copayments, notifying current scholarship recipients and the child care providers that accept the scholarships multiple times, beginning with a first notice at least 90 days before a system of copayments is implemented.

(b) (1) On or before December 1, 2027, the State Department of Education shall report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on a system of copayments for the Child Care Scholarship Program adopted in accordance with § 9.5–113(d) of the Education Article, as enacted by Section 1 of this Act.

(2) The report shall include information on:

(i) income bands used to generate copayments;

(ii) the number of scholarships in each income band; and

(iii) the average copayment in each income band.

SECTION 4. AND BE IT FURTHER ENACTED, That:

(a) The State Department of Education shall monitor the waitlist for the Child Care Scholarship Program in effect on July 1, 2026.

(b) (1) If the Department determines that there will no longer be any applicants on the waitlist within 6 months, the Department shall report to the General Assembly, in accordance with § 2-1257 of the State Government Article, on:

(i) the possibility of the waitlist ending; and

(ii) whether the Child Care Scholarship Program should include a process that allows applicants to the program to enroll through presumptive eligibility.

(2) In issuing its report, the Department shall review the presumptive eligibility process in place before July 1, 2026, and consider possible changes to make the program more effective.

~~SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in Section 4 of this Act, this Act shall take effect July 1, 2026. Section 2 of this Act shall remain effective for a period of 2 years and, at the end of June 30, 2028, Section 2 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect, contingent on the taking effect of Chapter 594 of the Acts of the General Assembly of 2026, and if Chapter 594 does not take effect, this Act, with no further action required by the General Assembly, shall be null and void.~~

Approved by the Governor, May 26, 2026.